

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE AUDIT
OF THE TRANSPORTATION MIGRATION
RIDER – PART B OF THE EAST OHIO
GAS COMPANY D/B/A DOMINION EAST
OHIO.

CASE NO. 17-219-GA-EXR

IN THE MATTER OF THE AUDIT OF THE
UNCOLLECTIBLE EXPENSE RIDER OF
THE EAST OHIO GAS COMPANY D/B/A
DOMINION EAST OHIO.

CASE NO. 17-319-GA-UEX

IN THE MATTER OF THE AUDIT OF THE
PERCENTAGE OF INCOME PAYMENT
PLAN RIDER OF THE EAST OHIO GAS
COMPANY D/B/A DOMINION EAST
OHIO.

CASE NO. 17-419-GA-PIP

ENTRY

Entered in the Journal on April 19, 2017

I. SUMMARY

{¶ 1} The Commission initiates the audits of the Transportation Migration Rider – Part B, uncollectible expense rider, and percentage of income payment plan rider of The East Ohio Gas Company d/b/a Dominion East Ohio.

II. DISCUSSION

{¶ 2} The East Ohio Gas Company d/b/a Dominion East Ohio (DEO) is a natural gas company as defined in R.C. 4905.03 and a public utility as defined in R.C. 4905.02 and, as such, is subject to the jurisdiction of this Commission, in accordance with R.C. 4905.04 and 4905.05.

{¶ 3} By Opinion and Order issued June 18, 2008, in *In re Application of The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 07-1224-GA-EXM, the Commission

authorized DEO to proceed with the second phase of its plan to eliminate its gas cost recovery (GCR) mechanism and implement a market-based standard service offer (SSO), through a wholesale auction for percentage of income payment plan (PIPP), choice-ineligible, and transitional customers, and a standard choice offer (SCO), through a retail auction for choice-eligible SSO customers. On February 3, 2016, the Commission accepted the results of DEO's auction for SSO and SCO service to be effective April 1, 2016, through March 31, 2017.

{¶ 4} With the elimination of the GCR mechanism, costs and credits that were once recovered through the GCR were now to be recovered through the Transportation Migration Rider - Part B (TMR). By Opinion and Order issued May 26, 2006, the Commission approved a stipulation in *In re Application of The East Ohio Gas Company d/b/a Dominion East Ohio*, Case No. 05-474-GA-ATA, which provided that all aspects of the proposed cost recovery through the TMR are to be reviewed as part of an annual financial audit that would be conducted by an outside auditor, docketed, and reviewed by Staff.

{¶ 5} By Finding and Order issued December 17, 2003, in *In re Application of The East Ohio Gas Company d/b/a Dominion East Ohio, et al.*, Case No. 03-1127-GA-UNC, the Commission approved five gas distribution companies' applications to recover uncollectible expenses (UEX) through riders. A requirement of the Order in that case was that the new UEX riders would be audited in the course of each company's GCR audit. With the elimination of DEO's GCR, the UEX rider is to be audited in the course of DEO's audit of the TMR.

{¶ 6} Furthermore, the Commission has authorized DEO to recover PIPP arrearages associated with providing natural gas service through its PIPP rider. *In re Establishment of Recovery Method for Percentage of Income Payment Plan*, Case No. 87-244-GE-UNC, Finding and Order (Aug. 4, 1987). At this time, the Commission finds that this rider should be audited in the course of DEO's TMR and UEX audits.

{¶ 7} Through this Entry, the Commission is initiating the financial audits of DEO's TMR, UEX, and PIPP riders. DEO shall select the auditor to perform the audits described in this Entry. The TMR audit will be for the calculation filed from the end of the last audit period through April 30, 2017, and the auditor should docket its findings in Case No. 17-219-GA-EXR. The UEX rider audit will be for the period of April 1, 2016, to March 31, 2017, and the auditor should docket its findings in Case No. 17-319-GA-UEX. The PIPP rider audit will be for the period of April 1, 2016, through March 31, 2017, and the auditor should docket its findings in Case No. 17-419-GA-PIP. The due date for the TMR, UEX, and PIPP rider audit reports is October 6, 2017.

{¶ 8} The selected auditor is required to submit a certificate of accountability attesting to the accuracy of financial data pertaining to the periods specified above. Reference should be made to any errors, omissions, or redundancy of costs from the calculations supporting the TMR, UEX, and PIPP rider rates.

{¶ 9} As part of the TMR audit, the auditor shall verify the accuracy of:

- (a) All costs associated with maintaining operational balancing inventories, including contract storage, withdrawal season firm transportation (FT) needed to support firm withdrawals, the injection season FT needed to support firm injections, and the carrying costs on the inventory as previously recovered through the GCR;
- (b) The net effect of any receipts or disbursements associated with cash-outs, on-system storage sales, or purchases, and operational sale of storage;

- (c) The recovery of contract storage costs from Transportation Migration Rider – Part A and volume Banking Service charges that are billed to non-choice transportation customers;
- (d) The crediting of migration-related charges included in seasonal firm storage service injection and withdrawal rates;
- (e) The cost of purchased gas, net of storage activity, incurred by DEO as a result of differences between actual unaccounted-for levels and volumes provided through the fuel retention charged to transportation customers;
- (f) Any difference between the amount billed for provider of last resort service and the actual costs incurred for the volumes purchased or withdrawn from storage;
- (g) Review of the standard system-wide fuel retention rate charged to Energy Choice and traditional transportation service, SSO, and SCO commodity service providers; and
- (h) Associated excise tax.

The auditor shall also verify that the TMR rates were accurately applied to customers' bills.

{¶ 10} The Commission directs that all costs associated with the TMR, UEX, and PIPP rider audits be borne by DEO.

{¶ 11} The auditor shall perform the audit as an independent contractor. Any conclusions, results, or recommendations formulated by the auditor may be examined by any participant to the proceeding for which the audit reports were generated. Further, it shall be understood that the Commission and/or Staff shall not be liable for any acts

committed by the auditor or its agents in the preparation and presentation of these audit reports.

{¶ 12} The auditor will execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation under R.C. 4903.03, 4905.06, 4905.15, and 4905.16. The auditor is subject to the Commission's statutory duty under R.C. 4901.16, which states:

Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission.

Once disclosure is permitted by R.C. 4901.16, the following process applies to the release of any document or information marked as confidential. Three days' prior notice of intent to disclose shall be provided to the party claiming confidentiality. Three days after such notice, Staff or the auditor may disclose or otherwise make use of such documents or information for any lawful purpose, unless the Commission is moved for a protective order pertaining to such documents or information within the three-day notice period. The three-day notice period will be computed according to Ohio Adm.Code 4901-1-07.

{¶ 13} Upon request of the auditor or Staff, DEO shall provide any and all documents or information requested. DEO may conspicuously mark such documents or information "confidential." In no event, however, shall DEO refuse to provide or delay in providing such documents or information.

{¶ 14} The Commission finds that complete documentation of the financial audit process within the auditor's work papers is essential. The financial auditor for these proceedings shall ensure that the reports and work papers are complete reflections of the financial audit processes.

{¶ 15} The Commission finds it appropriate to call for comments on the financial audits of the TMR, UEX, and PIPP riders. Such comments should be limited to the audit of these riders and the recovery of the associated costs. Accordingly, interested persons may file comments and reply comments on the audits by October 20, 2017, and November 3, 2017, respectively.

III. ORDER

{¶ 16} It is, therefore,

{¶ 17} ORDERED, That, pursuant to Paragraph 7, the audits for the effective periods of the TMR, UEX, and PIPP riders be filed in the respective dockets by October 6, 2017. It is, further,

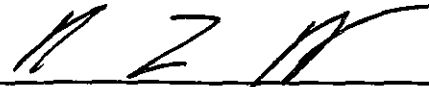
{¶ 18} ORDERED, That DEO bear the cost of the financial audits as provided in Paragraph 10. It is, further,

{¶ 19} ORDERED, That the auditor shall provide the documentation necessary to support its conclusions and recommendations, as specified in Paragraph 14. It is, further,

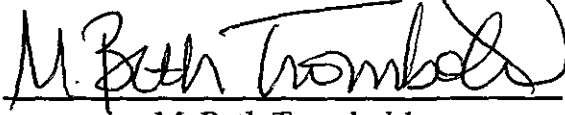
{¶ 20} ORDERED, That comments and reply comments on the financial audits of the TMR, UEX, and PIPP riders be filed in the respective dockets in accordance with Paragraph 15. It is, further,

{¶ 21} ORDERED, That a copy of this Entry be served upon DEO and upon all other persons of record in these proceedings.

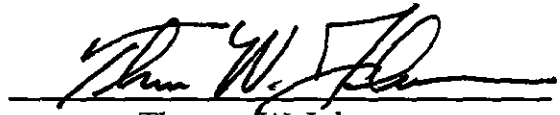
THE PUBLIC UTILITIES COMMISSION OF OHIO



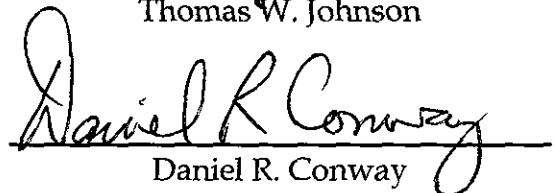
Asim Z. Haque, Chairman



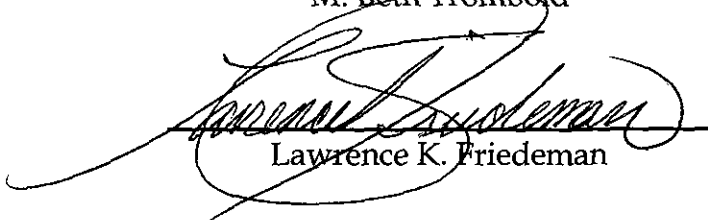
M. Beth Trombold



Thomas W. Johnson



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Lawrence K. Friedeman

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Secretary